



FACT SHEET

U.S.-Korea Free Trade Agreement **South Carolina Farmers Will Benefit**

September 2008

The United States concluded free trade negotiations with Korea on April 1, 2007. The U.S.-Korea Free Trade Agreement (KORUS FTA) is the most commercially significant free trade agreement the United States has negotiated in nearly 20 years.

The KORUS FTA provides immediate elimination of duties on more than 60 percent of current U.S. exports and gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of South Carolina's agricultural products, including poultry and beef. South Carolina's agricultural exports to all countries, estimated at \$436 million in 2007, supported about 4,645 jobs, on and off the farm. These export sales make an important contribution to the South Carolina farm economy, which had total cash receipts of \$2 billion in 2007.

Poultry. With farm cash receipts of \$666 million in 2007, broilers are South Carolina's leading agricultural industry accounting for nearly one-third of total farm earnings. Turkey production accounted for another 9 percent with cash receipts of \$184 million. Poultry and products are also the state's top agricultural export with sales estimated at \$107 million in 2007. South Carolina's poultry industry will benefit from this agreement.

- Korea's tariffs of 18 to 27 percent on frozen leg quarters, frozen breasts and wings, and frozen turkey cuts, will be phased out in 7 to 12 years.
- As the number 2 market for U.S. egg products, Korea's tariffs of 27 percent on egg products, including egg yolks, will be phased out in 12 equal annual reductions.

Beef. The cattle and calf industry is the state's fourth largest source of farm cash receipts with earnings of \$127 million in 2007. The cattle industry will benefit from this agreement.

- For beef muscle meats, the FTA provides a 15-year straight-line tariff phase out with a safeguard that begins growing from 270,000 tons, a quantity that is 17 percent larger than our largest historical shipments.
- Technical consultations continue toward the goal of allowing imports to take place consistent with World Organization for Animal Health (OIE) guidelines.
- Following the May 2007 decision by the OIE classifying the United States as a controlled-risk country, Korea has announced that it will undertake in a timely manner its regulatory process toward expansion of market access for beef and beef products.

Cotton. South Carolina's cotton industry, with farm cash receipts of \$80 million in 2007 The industry will benefit from this agreement.

- The FTA will lock in the duty-free access being enjoyed by U.S. cotton exporters. This permanent access allows U.S. cotton exports to continue to compete on a level playing field with Korea's other trading partners.

Feed Grains. Producers of feed corn, with farm cash receipts of \$104 million in 2007, will benefit from this agreement.

- U.S. exports of corn for feed will be duty-free immediately. Korea is currently the fourth largest market for U.S. corn for feed.
- The FTA includes a new 93,774-ton duty-free quota for corn for processing that grows quickly to 393,849 tons by year 7, after which quantities will be unrestricted.

For questions about the U.S.-Korea Free Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs Office at (202)720-7115 or LPA@fas.usda.gov.

For detailed information on how the Agreement benefits specific commodities, please visit: <http://www.fas.usda.gov/info/factsheets/Korea/us-koreaftafactsheets.asp>
